

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4027-03
Bill No.: HCS for SCS for SB Nos. 812, 752 & 909
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: May 3, 2010

Bill Summary: This proposal would enact several provisions relating to special license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$8,635 to (Less than \$100,000)	\$10,673 to (Less than \$100,000)	\$10,993 to (Less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$8,635 to (Less than \$100,000)	\$10,673 to (Less than \$100,000)	\$10,993 to (Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Highway Fund	(\$39,488) to Less than \$100,000	(\$47,385) to Less than \$100,000	(\$47,385) to Less than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	(\$39,488) to Less than \$100,000	(47,385) to Less than \$100,000	(\$47,385) to Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	(\$13,162) to Less than \$100,000	(\$15,795) to Less \$100,000	(\$15,795) to Less than \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Attorney General** state that any potential costs arising from assisting the Department of Revenue with rulemaking can be absorbed with existing resources.

Officials from the **Department of Corrections - Missouri Vocational Enterprises, Department of Public Safety - Missouri State Highway Patrol, Missouri Veterans Commission, and the Missouri National Guard** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

The **Department of Revenue (DOR)** response to proposals similar to, or identical to, this one in previous sessions indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff, and the limitations within the DOR motor vehicle legacy systems, changes cannot be made without significant impact to DOR resources and budget. Therefore, the fiscal impact of this proposal is estimated as follows:

ADMINISTRATIVE IMPACT

§301.2998 and 301.3150 - SPECIALTY LICENSE PLATES

Officials from DOR state there will be no change in their processes as the language in the proposal is permissive. DOR would continue the same process if specialty plate types are determined to be discontinued since after a five year period a specialty plate already can be voided for no applications received.

If the DOR elects to discontinue accepting applications based on the criteria presented in this proposal, there could be a potential decrease in revenue from the \$15 specialty plate fee (if

ASSUMPTION (continued)

required in the statute authorizing the plate) for each type of plate that is discontinued.

There are currently 117 specialty plate types that could potentially be discontinued per this proposal with a per year average of 36 total new applicants per specialty plate type. Assuming 36 new applicants per year and 117 plate types there would be a loss of \$63,180 ($36 \times 117 = 4,212 \times \$15 = \$63,180$) each year from the \$15 specialty plate fee that would be distributed as follows:

	<u>FY 11 (10 months)</u>	<u>FY 12</u>	<u>FY 13</u>
75% Highway Fund	\$39,488	\$47,385	\$47,385
15% Cities	\$ 7,898	\$ 9,477	\$ 9,477
10% Counties	\$ 5,264	\$ 6,318	\$ 6,318

DOR officials note that many of the plate types that could potentially be discontinued may receive less than 36 applications per year, some even zero, which results in a lesser number than what is shown in the statistics for this fiscal note. The DOR assumption is based on an average of all plate types subject to being discontinued and is not a factual representation of the total number of applications received for a specific plate type per year.

Plate manufacturing savings:

- For every new specialty plate application received DOR orders either a set of specialty plates at the time of application or a single specialty plate at the time of application.
- DOR pays \$4.25 per set of plates ordered and \$2.78 for a single plate.
- Based on the average of 36 applications per year for the 117 specialty plate types that could be discontinued there would be 4,212 registrations per year that would not need to be ordered.
- Assuming 35%, or 1,474, of those plates, currently ordered as single plates for trucks, would not need to be ordered it would result in savings to General Revenue of \$3,415 in FY 11 (10 months), \$4,221 in FY 12, and \$4,347 in FY 13.
- Assuming 65%, or 2,738, of those plates currently ordered as sets of plates for passenger motor vehicles, would not need to be ordered it would result in savings to General Revenue of \$5,220 in FY 11 (10 months), \$6,452 in FY 12, and \$6,646 in FY 13.

	<u>FY11 (10 months)</u>	<u>FY12</u>	<u>FY13</u>
Total Specialty plate manufacturing savings	\$8,635	\$10,673	\$10,993

ASSUMPTION (continued)

§301.477 - COMBAT ACTION

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.
- The Application for Missouri Military Personalized License Plates (DOR-4601) will need to be revised to include a new military plate type. This will require 40 hours of overtime or a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

DOR is charged \$279 for the initial set-up of a new specialty plate for passenger, truck, and RV as well as an additional charge of \$92 each to include disabled and motorcycle plates, for a total of \$463 for the initial set-up. This is a one-time fee that will be charged upon passage of this bill in FY 11.

Currently, it costs DOR \$4.75 per plate, \$9.50 per set of plates, for manufacturing flat plates through Missouri Vocational Enterprises. The number of applicants who will wish to obtain this plate is unknown. DOR is assuming 100 applicants in FY 11 at a cost to DOR of \$950 in FY 11.

Total cost for plate set-up and manufacturing: FY 11 \$1,413

§301.3158 - LEGION OF MERIT

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.
- The Application for Missouri Military Personalized License Plates (DOR-4601) will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

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ASSUMPTION (continued)

proposal in FY 11.

Currently, it costs DOR \$4.75 per plate, \$9.50 per set of plates, for manufacturing flat plates through Missouri Vocational Enterprises. The number of applicants who will wish to obtain this plate is unknown. DOR is assuming 100 applicants in FY 11 at a cost to DOR of \$950 in FY 11.

Total cost for plate set-up and manufacturing: FY 11 \$1,413

§301.3160 - MULTIPLE SCLEROSIS

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.
- The Application for Missouri Personalized and Specialty License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

DOR is charged \$279 for the initial set-up of a new specialty plate for passenger, truck, and RV as well as an additional charge of \$92 each to include disabled and motorcycle plates, for a total of \$463 for the initial set-up. This is a one-time fee that will be charged upon passage of this bill in FY 11.

Currently, it costs DOR \$4.75 per plate, \$9.50 per set of plates, for manufacturing flat plates through Missouri Vocational Enterprises. The number of applicants who will wish to obtain this plate is unknown. DOR is assuming 100 applicants in FY 11 at a cost to DOR of \$950 in FY 11.

Total cost for plate set-up and manufacturing: FY 11 \$1,413

310.4006 - NIXA EDUCATION FOUNDATION

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.

ASSUMPTION (continued)

- The Application for Missouri Personalized and Specialty License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

DOR is charged \$279 for the initial set-up of a new specialty plate for passenger, truck, and RV as well as an additional charge of \$92 each to include disabled and motorcycle plates, for a total of \$463 for the initial set-up. This is a one-time fee that will be charged upon passage of this proposal in FY 11.

Currently, it costs DOR \$4.75 per plate, \$9.50 per set of plates, for manufacturing flat plates through Missouri Vocational Enterprises. The number of applicants who will wish to obtain this plate is unknown. DOR is assuming 100 applicants in FY 11 at a cost to DOR of \$950 in FY 11.

Total cost for plate set-up and manufacturing: FY 11 \$1,413

§301.4010 WILD TURKEY FEDERATION

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.
- The Application for Missouri Personalized and Specialty License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

DOR is charged \$279 for the initial set-up of a new specialty plate for passenger, truck, and RV as well as an additional charge of \$92 each to include disabled and motorcycle plates, for a total of \$463 for the initial set-up. This is a one-time fee that will be charged upon passage of this proposed legislation in FY 11.

Plate manufacturing cost:

According to the National Wild Turkey Federation, there are approximately 12,000 adult

ASSUMPTION (continued)

members in Missouri that would be eligible for this plate.

- Currently, it costs DOR \$4.75 per plate, \$9.50 per set of plates, for manufacturing flat plates through Missouri Vocational Enterprises.
- DOR assumes that of the 12,000 eligible applicants, 3% (360) will wish to obtain the plate in FY 11 at a cost to DOR of \$3,420 in FY 11.
- As knowledge and public awareness of the availability of this plate increases it is assumed that 5% (582) of the remaining 11,640 eligible applicants will apply for these plates in FY 12 at a cost of \$5,529.
- If 7% (774) of the remaining 11,058 members apply for these plates in FY 13 it will result in a cost to DOR of \$7,353 in FY 13.

Total cost for plate set-up and manufacturing:

<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>
\$3,883	\$5,529	\$7,353

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Information Technology - OA-ITSD (DOR):

System Modifications: The Title and Registration Intranet Processing System (TRIPS) plate table would need to be updated to reflect the new specialty plate types. This function requires minimal programming and will be absorbed by existing staff.

REVENUE IMPACT

§301.477 - COMBAT ACTION

The number of applicants who will wish to obtain this plate is unknown. However, for each 100 Combat Action military plate applications received, DOR assumes there will be an increase in

ASSUMPTION (continued)

revenue each year of \$1,500 that would be distributed 75% to Highway Fund, 15% to cities, and 10% to counties as a result of the \$15 military plate fee.

It is unknown how many applicants there will be during the scope of this fiscal note. Military specialty plates do not have a required number of applications before the plate can be produced.

§301.3158 - LEGION OF MERIT

DOR states that the Missouri Veterans Commission has made repeated attempts to obtain information on the number of Missouri recipients of the “Legion of Merit” award from the Department of Defense and have been unsuccessful. The number of applicants who will wish to obtain this plate is unknown. However, for each 100 Legion of Merit specialty plate applications received, DOR assumes there will be an increase in revenue each year of 1,500 that would be distributed 75% to Highway Fund, 15% to cities, and 10% to counties as a result of the \$25 specialty plate fee.

It is unknown how many applicants there will be during the scope of this fiscal note. Military specialty plates do not have a required number of applications before the plate can be produced.

§301.3160 - MULTIPLE SCLEROSIS

The number of applicants who will wish to obtain this plate is unknown. However, for each 100 Multiple Sclerosis Society specialty plate applications received, DOR assumes there will be an increase in revenue each year of \$2,500 that would be distributed 75% to Highway Fund, 15% to cities, and 10% to counties as a result of the \$25 specialty plate fee.

Oversight assumes that before this specialty plate is produced and DOR would incur the associated costs, there must be at least 200 applicants committed to purchase the plate. It is unknown if there will be the required number of applicants during the scope of this fiscal note.

310.4006 - NIXA EDUCATION FOUNDATION

The number of applicants who will wish to obtain this plate is unknown. DOR is assuming 100 applicants in FY 2011 at a cost to DOR of \$950 in FY 2011. However, for each 100 Nixa Education Foundation plate specialty plate applications received, there will be an increase in revenue each year of \$1,500 as a result of the \$25 specialty plate fee.

Oversight assumes that before this specialty plate is produced and DOR would incur the

ASSUMPTION (continued)

associated costs, there must be at least 200 applicants committed to purchase the plate. It is unknown if there will be the required number of applicants during the scope of this fiscal note. For fiscal note purposes only, **Oversight** will estimate revenue as: \$0 to Less than \$100,000. Oversight will also estimate cost to General Revenue as: \$0 to (Less than \$100,000).

Officials from the **Nixa Public School District** responded to the same version of this proposal last session (HB 840 - FN 2046-01), but did not indicate any fiscal impact.

Oversight assumes contributions received by the Nixa Education Foundation would in turn be used for Nixa Public School District purposes. Oversight assumes this would be an indirect result of this proposed legislation and will show no fiscal impact.

§301.4010 - NATIONAL WILD TURKEY FEDERATION

DOR provided the following assumptions regarding anticipated revenue attributed to this specialty plate:

- If 3% (360) of those eligible applicants wish to obtain this plate in FY 11 there will be an increase in revenue of \$4,500 (figured for 10 months) from the \$15 specialty plate fee.
- As knowledge and public awareness of the availability of this plate increases DOR assumes that 5% (582) of the remaining 11,640 eligible applicants will apply for these plates in FY 12 resulting in an increase in revenue of \$8,730.
- If 7% (774) of the remaining 11,058 members apply in FY 13 there will be an increase of \$11,610 in FY 13 from the \$15 specialty plate fee.
- This increase will be distributed as follows:

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>
75% Highway Fund	\$3,375	\$6,547	\$8,708
15% Cities	\$ 675	\$1,310	\$1,741
10% Counties	\$ 450	\$ 873	\$1,161

Oversight assumes that before this specialty plate is produced and DOR would incur the associated costs, there must be at least 200 applicants committed to purchase the plate. It is

ASSUMPTION (continued)

unknown if there will be the required number of applicants during the scope of this fiscal note. For fiscal note purposes only, **Oversight** will estimate revenue as: \$0 or Less than \$100,000. **Oversight** will also estimate cost to General Revenue as: \$0 or (Less than \$100,000).

Oversight notes that a similar type of organization with nearly twice as many members eligible for a specialty plate has less than 200 plates ten years after the authorizing statute was passed

Officials from the **Department of Transportation** concur with the response from the Department of Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Savings</u> - Department of Revenue (DOR)			
Licenses plate manufacturing costs (§301.2998 & §301.3150)	\$8,635	\$10,673	\$10,993
<u>Cost</u> - DOR - Processing costs for specialty plate (Multiple Sclerosis - §301.3160) (Nixa - §301.4006) (Wild Turkey Federation - §310.4010)			
	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,00)
<u>Cost</u> - Department of Revenue - Processing costs for specialty plates (Combat Action - §301.477) (Legion of Merit - §301.3158)			
	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$8,635 to (Less than \$100,000)</u>	<u>\$10,673 to (Less than \$100,000)</u>	<u>\$10,993 to (Less than \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
HIGHWAY FUND			
<u>Income</u> - Specialty plate fees (Multiple Sclerosis - §301.3160) (Nixa - §301.4006) (Wild Turkey Federation - §310.4010)	\$0 or Less than \$100,000	\$0 or Less than \$100,000	\$0 or Less than \$100,000
<u>Income</u> - Specialty plate fees (Combat Action - §301.477) (Legion of Merit - §301.3158)	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Loss</u> - Specialty plate fee income (§301.2998 & §301.3150)	<u>(\$39,488)</u>	<u>(\$47,385)</u>	<u>(\$47,385)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$39,488) to Less than \$100,000</u>	<u>(\$47,385) to Less than \$100,000</u>	<u>(\$47,385) to Less than \$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Cities and Counties - Specialty plate fees (Combat Action - §301.477) (Legion of Merit - §301.3158)	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Income</u> - Cities and County - Specialty plate fees (Multiple Sclerosis - §301.3160) (Nixa - §301.4006) (Wild Turkey Federation - §310.4010)	\$0 or Less than \$100,000	\$0 or Less than \$100,000	\$0 or Less than \$100,000
<u>Loss</u> - Cities and Counties - Specialty plate fee income (§301.2998 & §301.3150)	<u>(\$13,162)</u>	<u>(\$15,795)</u>	<u>(\$15,795)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(\$13,162) to</u> <u>Less than</u> <u>\$100,000</u>	<u>(\$15,795 to)</u> <u>Less than</u> <u>\$100,000</u>	<u>(\$15,795) to</u> <u>Less than</u> <u>\$100,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal creates various specialty license plates and modifies the administrative process for issuing and developing specialty license plates.

§301.477 - COMBAT ACTION LICENSE PLATE - This section allows persons who have been awarded combat action badges to apply for a special license plate bearing the words "COMBAT ACTION" and an image of a combat action badge.

§310.3158 - LEGION OF MERIT LICENSE PLATE - This section creates the "LEGION OF MERIT" special license plate and allows any person who has been awarded this military service

FISCAL DESCRIPTION (continued)

award to apply for it. To obtain the special license plate, a person must make application, furnish proof as a recipient of the Legion of Merit Medal, and pay a \$15 fee to the Department of Revenue in addition to the registration fee and any other documents required by law.

§301.3160 - MULTIPLE SCLEROSIS LICENSE PLATE - This section allows motorists to obtain Multiple Sclerosis special license plates. In order to obtain the specialty plates, the motorist must pay an annual \$25 emblem-use contribution to the National Multiple Sclerosis Society, a \$25 specialty license plate fee, and regular registration fees. The specialty plates shall bear the words "JOIN THE MOVEMENT" in lieu of the words "SHOW-ME STATE". Before these specialty plates may be issued, the director must receive in receipt of a list of at least 200 potential applicants who plan to purchase the plate and an application fee to defray the cost for developing the specialty plate.

§310.2998 & 301.3150 - ADMINISTRATIVE PROCEDURES FOR ISSUING AND DEVELOPING SPECIALTY LICENSE PLATES

§310.2998 - This section changes the administrative procedures for issuing and developing specialty license plates. The proposal specifies that the Department of Revenue is not required to accept applications and issue specialty plates for a specific category or organization if no applications for the plate have been received within four years from the authorization of the plate or if the total number of specialty plates issued for a specific category is less than 200 plates for two consecutive years. The proposal further authorizes DOR to discontinue the issuance and renewal of a specialty license plate if the organization has stopped providing services and the emblem-use authorization statements are no longer being issued by the organization. The organization must notify DOR immediately to discontinue the issuance of a specialty plate. The discontinuance of specialty plate provisions do not apply to any military specialty license plates.

§301.3150 - This section removes the July 1st deadline for the submission of certain documents and fees to DOR regarding a special license application and allows an organization to submit the necessary documents at any time. Interested parties have 60 days from the filing of the proposal to submit testimony to DOR in support of or opposition to the creation of a specialty plate. The act further requires the department, as soon as practicable after receiving the required documents and fees, to submit all applications for the development of a specialty plate to the Joint Committee on Transportation Oversight for the committee to approve or deny. Current law requires the department to submit the applications to the committee during a regular session of the General Assembly.

FISCAL DESCRIPTION (continued)

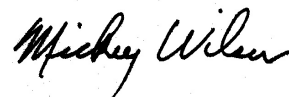
§301.4006 - NIXA EDUCATION FOUNDATION LICENSE PLATES - This section allows motorists to apply for and receive special license plates bearing the emblem of the Nixa Education Foundation after paying a \$15 emblem-use contribution to the Nixa Education Foundation and other registration fees required by law.

§301.4010 - WILD TURKEY FEDERATION - This section allows members of the National Wild Turkey Federation to apply for and receive special license plates bearing the emblem of the National Wild Turkey Federation after paying a \$15 emblem-use contribution to the National Wild Turkey Federation and other registration fees required by law.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Transportation
Department of Revenue
Department of Corrections
Missouri Vocational Enterprises
Office of Secretary of State
Administrative Rules Division
Missouri National Guard
Department of Public Safety
Missouri Highway Patrol
Missouri Veterans Commission



Mickey Wilson, CPA
Director
May 3, 2010